

Message Text

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PAGE 01 LISBON 07451 160836Z

17

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 SAM-01 AF-06 /094 W

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R 160756Z DEC 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5350

INFO AMCONSUL OPORTO

LIMITED OFFICIAL USE LISBON 7451

E.O. 11652: N/A

TAGS: ECON, EIND, PO

SUBJECT: ITT SUBSIDIARY (RABOR) INTERVENED BY GOP

REF: LISBON 6412

1. OFFICIAL GOVERNMENT JOURNAL OF DECEMBER 9 PUBLISHED
MINISTRY OF INDUSTRY ORDER NAMING A NEW PROVISIONAL MANAGEMENT
FOR ITT SUBSIDIARY RABOR (CONSTRUCOES ELECTRICAS SARL) OF OVAR,
PORTUGAL. NEW THREE-MAN MANAGEMENT TEAM, GIVEN ALL LEGAL AD-
MINISTRATIVE POWERS, IS CHARGED WITH PREPARING A NEW BUDGET AND
PRESENTING A PROPOSAL TO REORGANIZE THE ADMINISTRATION AND
CHANGE PRODUCTION ACTIVITIES. ORDER NOTED THAT OUT-GOING AD-
MINISTRATORS WERE SUSPENDED IN ACCORDANCE WITH PROTOCOL SIGNED
IN MINISTRY.

2. ACTION TAKEN UNDER RECENTLY PASSED DECREE LAW 597/75 (SEE
REFTEL) PROVIDING INCREASED POWERS OF INTERVENTION.

3. AS FAR AS EMBASSY AWARE, MEASURE RECEIVED NO PUBLICITY IN
PRESS. IT IS FIRST CONCRETE OFFICIAL ACTION TAKEN VIS-A-VIS
ITT GROUP OF FIRMS BY GOP. EMBASSY UNDERSTANDS FROM RELIABLE
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SOURCE THAT ITT SITUATION WAS DISCUSSED IN COUNCIL OF MINISTERS

MEETING IN LATE NOVEMBER BUT NO OVEALL DECISION WAS MADE. AP-
PARENTLY THERE HAVE BEEN NO ADMINISTRATIVE CHANGES IN OTHER ITT
FIRMS SINCE DEPARTURE OF FOREIGN MANAGEMENT. EMBASSY HAS HAD
NO COMMUNICATION FROM ITT EUROPE ABOUT LATEST DEVELOPMENT.
THIS ACTION IS ALSO FIRST GOP INTERVENTION UNDER EITHER
660/74 OR 597/75 INTERVENTION LEGISLATION AGAINST LARGE,
WELL-KNOWN FIRM BELONGING TO U.S. INVESTORS.

4. MINISTRY ORDER DOES NOT DESCRIBE PROTOCOL REFERRED TO IN
PARA 1. EMBASSY WILL PROVIDE FURTHER DETAILS WHEN AVAILABLE.
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Message Attributes

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